



FAIR POLITICAL PRACTICES COMMISSION

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July 6, 2010

✓ Anthony H. Daysog
Tony Daysog for State Assembly

REDACTED

Warning Letter Re: FPPC No. 07/707, Respondents Anthony Daysog and Tony Daysog for State Assembly (FPPC ID No. 1281410)

Dear Mr. Daysog:

The Fair Political Practices Commission (the "FPPC") enforces the provisions of the Political Reform Act (the "Act"),¹ found in Government Code section 81000, et seq. This letter is in response to a report submitted by the Franchise Tax Board ("FTB") on October 31, 2007. This report noted that the FTB had not been able to obtain adequate records to perform an audit on your campaign activity.

The FPPC has completed its investigation of the facts in this case. Specifically, the FPPC found that you unsuccessfully ran a relatively small (approximately \$30,000), largely self-funded, State Assembly campaign. Records indicate that you received only about \$4,600 in outside contributions. Instead of opening a separate campaign bank account, you used an existing sub-account within your personal savings account at Cal State 9 Credit Union. You deposited campaign contributions into this account prior to reimbursing yourself for expenditures made from your personal checking account or with your personal credit card. You cooperated with the investigation by providing personal bank and credit card records and campaign records in this matter. You lost the Assembly race and is not currently serving as a public official.

The Act provides that receiving political contributions or officially filing as a candidate without opening a separate campaign bank account is prohibited. Specifically the Act provides

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

that candidates are required to establish one campaign bank account prior to soliciting or receiving any contribution or loan, or upon filing a statement of intention to be a candidate. (Section 85201, subd. (a).) Section 85201, subd. (b), requires a candidate who raises contributions of one thousand dollars (\$1,000) or more in a calendar year to set forth the name and address of the financial institution where the candidate has established a campaign account and the account number on the committee statement of organization.

All contributions or loans made to the candidate, to a person on behalf of the candidate, or to the candidate's controlled committee must be deposited in the campaign bank account. (Section 85201, subd. (c).) Any personal funds that will be used to promote the election of the candidate must be deposited in the campaign bank account prior to expenditure. (Section 85201, subd. (d).) All campaign expenditures must be made from the campaign bank account. (Section 85201, subd. (e).)

Additionally, Section 84211, subd. (b), of the Act requires a committee to disclose in each of its campaign statements the total amount of expenditures made during the period covered by the campaign statement and the total cumulative amount of expenditures made. For each person to whom the committee makes an expenditure of \$100 or more during the period covered by the campaign statement, a committee must disclose information that includes the payee's name and address, the amount of each expenditure, and a brief description of the consideration for which each expenditure is made. For each person, if different from the payee, who has provided consideration for an expenditure of five hundred dollars (\$500) or more during the period covered by the campaign statement, the campaign statement must disclose the vendor's name, street address, the amount of the expenditure, and a brief description of the consideration for which each expenditure is made. (Section 84211, subds. (i) and (k).)

Your actions violated the Act because you operated a campaign without establishing and using a separate campaign bank account. Because you were reimbursing yourself when you used your personal credit card and checking account, you indicated that you were the payee, when expenditures were made, and the vendors who actually provided goods and services were not properly reported. Over the life of the campaign, you understated expenditures by a total of \$1,705.95. However, you had legitimate campaign expenditures far exceeding the contributions received in your campaign, and you did not repay yourself for personal loans made to the campaign of approximately \$24,000. There is no indication that your failure to establish a separate campaign bank account resulted in improper personal use of campaign funds.

This letter serves as a written warning. The information in this matter will be retained and may be considered should an enforcement action become necessary based on newly discovered information or future conduct. Failure to comply with the provisions of the Act in the future will result in monetary penalties of up to \$5,000 for each violation.

A warning letter is an FPPC case resolution without administrative prosecution or fine. However, the warning letter resolution does not provide you with the opportunity for a probable cause hearing or hearing before an Administrative Law Judge or the Fair Political Practices Commission. If you wish to avail yourself of these proceedings by requesting that your case proceed with prosecution rather than a warning, please notify us within ten (10) days from the date of this letter. Upon this notification, the FPPC will rescind this warning letter and proceed with administrative prosecution of this case. If we do not receive such notification, this warning letter will be posted on the FPPC's website ten (10) days from the date of this letter.

Please feel free to contact me at (916) 327-2019, with any questions you may have regarding this letter.

Sincerely,

REDACTED

Ty Moore, Counsel
Enforcement Division